

E-circular dated 27th August 2017 :
Missing Signatures on “Purchase Invoices” ?

Integrated Association of Micro, Small & Medium Enterprises of India

www.iamsmefindia.com

E-mail: info@iamsmefindia.com, +91-9711123111 (Executive Secretary)



Dear Members,

Beware ! Your purchase bill might be “invalid”
if it is not “signed” properly

Short Summary

- 1) It is a fact, that many vendors especially some service providers send you their Sales bills, mentioning “Computer Generated Invoice, need not be signed”.
- 2) This is NOT VALID as per Law.
- 3) If caught on wrong foot, **100% Modvat** on those bills will be reversed



Source 1 :

CGST Rule 36(2) says :

“...36(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document,

RULES ----cgst-rules-01july2017 - pg 183 for GSTR1.pdf - Adobe Reader

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INPUT TAX CREDIT

36. Documentary requirements and conditions for claiming input tax credit.- (1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely,-

- (a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;
- (b) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31, subject to the payment of tax;
- (c) a debit note issued by a supplier in accordance with the provisions of section 34;
- (d) a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;
- (e) an Input Service Distributor invoice or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.

(2) Input tax credit shall be availed by a registered person **only if all the applicable particulars as specified in the provisions of Chapter VI** are contained in the said document, and the relevant information, as contained in the said document, is furnished in **FORM GSTR-2** by such person.

Source 2 : What does Chapter VI say ? Rule 46 of CGST Rules

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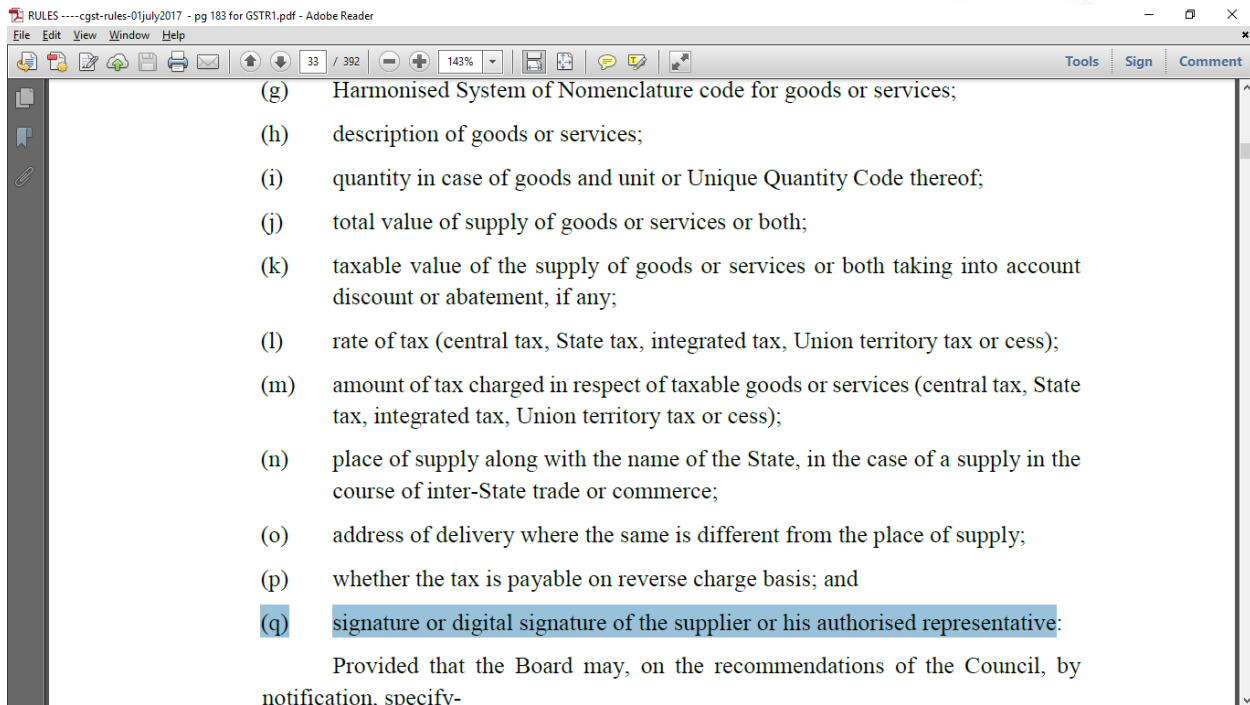
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CHAPTER VI TAX INVOICE, CREDIT AND DEBIT NOTES

46. Tax invoice.- Subject to rule 54, a tax invoice referred to in section 31 shall be issued by the registered person containing the following particulars, namely,-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is fifty thousand rupees or more.



Rule 46(q) clearly says that

“.....a tax invoice referred to in section 31 shall be issued by the registered person containing the following particulars, namely,-

(q) “signature or digital signature of the supplier or his authorised representative” is a fundamental part of the “valid invoice”.....”

The obvious Inference is :

This means that if we read the “two lines together”

CGST Rule 36(2) read with Rule 46(q) says :

“...**Input tax credit shall be availed** by a registered person **only if... Signature** or Digital Signatures of the supplier or his authorised representative are affixed on the invoice.

Conclusion

This was a point earlier too. But with GST coming in, better see this point clearly in future.

The Danger is that “When the **Government Excise/GST Audit team** comes” for assessment / audit of ITC after some months/years, there is a possibility, that **they may refuse to give you the credit** of the ITC on the bills that are not signed properly. Think... Can you handle that ?

Moral of the Story :

Get your Purchase Bills Audited properly.....
to protect yourself against unexpected ITC (GST) losses.

For queries, suggestions and feedback , you can e-mail us

Sangeet Kumar Gupta, FCA, DISA, ACMA, PGDMM, B.Com(Hons), Honorary Consultant, Integrated Association of Micro Small and Medium Enterprises of India and Faridabad Small Industries Association, 93126-08426, Camp Off : TB-06, 3rd Floor, Crown Plaza, Sector-15A, Faridabad, Haryana 121007 skgupta[at]mlgassociates.org

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	<p>Mr Rajiv Chawla Chairman, I am SME of India, with Mr M L Gupta, and Mr Puneet Gupta, mentors of Finsys ERP Team, at, the GST Conclave At Hotel Vibe by Lalit, Faridabad</p>
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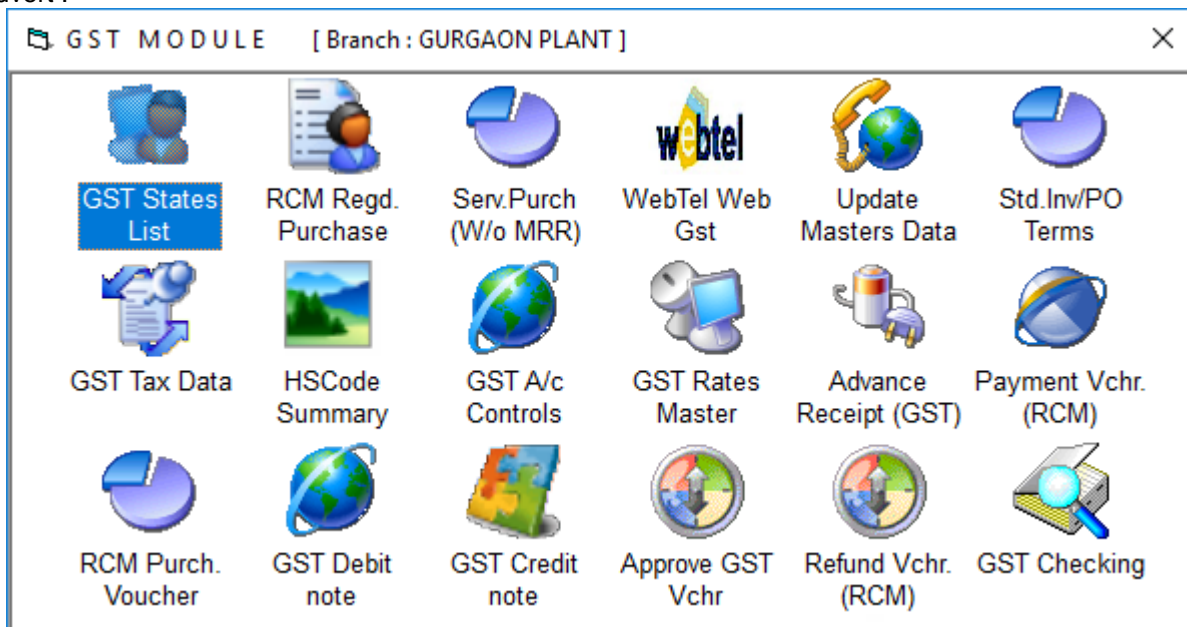
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